

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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R 040930Z FEB 76

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TO SECSTATE WASHDC 6650

INFO AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMCONGEN HONG KONG

USLO PEKING

COMUSJAPAN YOKOTA JAPAN

CINCPAC HONOLULU HAWAII

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 1719

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: PINT, PFOR, JA, KS

SUBJ: DIET OUTLOOK -- ELECTION TIMING

SUMMARY. THE OUTLOOK FOR THE CURRENT DIET SESSION IS COLORED BY THE NEED TO HOLD A GENERAL ELECTION BEFORE DECEMBER 7, 1976. THE MOST IMPORTANT ITEMS ON THE DIET AGENDA ARE THE JFY 76 BUDGET AND A BILL TO PERMIT FLOTATION OF DEFICIT-FINANCING GOVERNMENT BONDS. MIKI HAS ALSO INDICATED THAT HE HOPES TO GAIN RATIFICATION OF THE NPT AND JAPAN-KOREA CONTINENTAL SHELF AGREEMENT. MIKI HAS LONG BEEN ANXIOUS TO RECEIVE A POPULAR MANDATE FOR HIS ADMINISTRATION SO WILL BE SEEKING AN EARLY -- MAY OR JUNE -- OPPORTUNITY TO HOLD AN ELECTION. OTHER LDP LEADERS, PARTICULARLY LDP VICE PRESIDENT SHIINA, WANT TO DELAY THE ELECTION UNTIL OCTOBER/NOVEMBER FOR A VARIETY OF DIET, PARTY AND PERSONAL REASONS. OUR SOUNDINGS TO DATE HAVE LED TO THREE POSSIBLE SCENARIOS: (A) LOWER HOUSE
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DISSOLUTION AFTER THE PASSAGE OF THE BUDGET (ONLY) IN

EARLY APRIL (MIKI PREFERENCE); (B) DISSOLUTION IN MAY, ELECTION IN JUNE AFTER PASSAGE OF THE BUDGET AND BONDS BILL (TANAKA/OHIRA PREFERENCE); (C) DISSOLUTION/ELECTION POSTPONED UNTIL THE FALL (SHIINA PREFERENCE). UNLESS THE TREATIES ARE CONSIDERED SIMULTANEOUSLY WITH THE BUDGET, A TACTIC RUMORED BUT UNPRECEDENTED FOR CONTROVERSIAL LEGISLATION, CHANCES OF PASSAGE ARE SLIGHT IF THE DIET IS DISSOLVED IN APRIL OR MAY (SCENARIOS (A) AND (B)). AND, IF PUSHED TO CHOOSE AT THIS POINT, WE INCLINE TO SUPPORT THE SCENARIO (B) OUTCOME: MAY DISSOLUTION/JUNE ELECTION. END SUMMARY.

1. AGENDA. THE MOST IMPORTANT ITEMS ON THE AGENDA OF THE CURRENT DIET SESSION, WHICH IS SCHEDULED TO LAST UNTIL MAY 24, ARE THE PASSAGE OF THE JFY 76 BUDGET AND A BILL TO PERMIT THE ISSUANCE OF GOVERNMENT BONDS TO FINANCE THE ANTICIPATED BUDGET DEFICIT. THE PRIME MINISTER HAS ALSO INDICATED THAT HE HOPES TO OBTAIN DIET APPROVAL OF THE NPT AND JAPAN-KOREA CONTINENTAL SHELF AGREEMENT DURING THIS SESSION. THE OPPOSITION WILL PRESS FOR THE REINTRODUCTION OF A BILL TO REVISE THE ANTI-MONOPOLY LAW AND ACTION ON THE RIGHT TO STRIKE ISSUE. BILLS TO INCREASE NATIONAL RAILWAY FARES AND TELECOMMUNICATIONS RATES MAY BE INTRODUCED LATER IN THE SESSION.

2. ORDER OF ISSUES. THE BUDGET AND BONDS BILL ARE THE HIGHEST PRIORITY ITEMS ON THE AGENDA. THE LOWER HOUSE BUDGET COMMITTEE HAS ALREADY BEGUN DELIBERATIONS ON THE BUDGET, WHICH MUST RECEIVE LOWER HOUSE APPROVAL BY THE FIRST FEW DAYS IN MARCH IN ORDER TO ALLOW THIRTY DAYS FOR AUTOMATIC UPPER HOUSE APPROVAL BY THE APRIL 1 BEGINNING OF THE NEW FISCAL YEAR. LDP AND GOVERNMENT LEADERS HAVE INDICATED THAT THEY WISH TO START COMMITTEE DELIBERATIONS ON THE BONDS BILL AND TWO TREATIES BEFORE THE BUDGET PASSES THE LOWER HOUSE. THERE IS NO RECENT PRECEDENT, HOWEVER, FOR LOWER HOUSE CONSIDERATION OF OTHER CONTROVERSIAL LEGISLATION BEFORE BUDGET PASSAGE. THUS, SERIOUS DEBATE ON THESE ISSUES MAY BE DELAYED UNTIL MID-MARCH. DIET ACTION ON RAILWAY FARE AND TELECOMMUNICATION RATE INCREASES, THE RIGHT TO STRIKE ISSUE, AND ANTI-TRUST

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LEGISLATION WILL MOST PROBABLY BE DEFERRED TO A POST-ELECTION DIET SESSION.

3. DIET OUTLOOK/DISSOLUTION SCENARIOS. THE OUTLOOK FOR THIS DIET SESSION IS STRONGLY COLORED BY THE FACT THAT A GENERAL ELECTION MUST BE HELD BY EARLY DECEMBER AND A PERCEPTIBLY RISING "ELECTION MOOD." OUR DISCUSSIONS TO DATE HAVE LED US TO THE FOLLOWING POSSIBLE SCENARIOS FOR

THE DIET AND THE PROSPECTS FOR AN ELECTION.

(A) THE LOWER HOUSE WILL BE DISSOLVED ON THE PASSAGE OF THE BUDGET IN EARLY APRIL WITH ELECTION IN MAY -- MIKI PREFERENCE.

B(B) THE LOWER HOUSE WILL BE DISSOLVED AFTER THE APSSAGE OF THE BUDGET AND THE BONDS BILL IN MAY WITH ELECTIONS IN JUNE -- TANAKA/OHIRA PREFERENCE.

(C) LOWER HOUSE DISSOLUTION WILL BE POSTPONED UNTIL THE FALL -- SHIINA PREFERENCE.

4. SCENARIO A -- DISSOLUTION IN APRIL, ELECTIONS IN MAY. THE BUDGET WILL ALMOST CERTAINLY PASS THE DIET BY THE FIRST WEEK IN APRIL. BUT TIME PROBABLY WOULD NOT PERMIT ACTION ON THE BONDS BILL, NPT OR JAPAN-KOREA TREATY.

5. ALTHOUGH MIKI HAS REPEATEDLY STATED HIS HOPE OF GAINING DIET APPROVAL OF THE NPT, JAPAN-KOREA TREATY AND BONDS BILL AT THIS DIET SESSION, HE IS EVEN MORE ANXIOUS TO DISSOLVE THE LOWER HOUSE AND RECEIVE AN ANTICIPATED POPULAR MANDATE FOR HIS ADMINISTRATION. HE BELIEVES AN EARLY ELECTION WOULD HELP KEEP HIM IN POWER, WOULD REDUCE THE CHANCES OF AT LEAST ONE IMPORTANT RIVAL (FUKUDA) AND WOULD DIMINISH HIS DEPENDENCE ON OTHER LDP LEADERS, SUCH AS SHIINA. IF THE OUTLOOK FOR THE BONDS BILL SHOULD NOT BE ENCOURAGING BY THE END OF MARCH -- AND UPPER HOUSE PROCEEDINGS SEEM LIKELY TO DRAG OUT AS THEY DID ON A SIMILAR BILL AST YEAR -- HE MAY WELL TRY TO SEIZE THE OPPORTUNITY TO DISSOLVE THE LOWER HOUSE AFTER THE AUTOMATIC PASSAGE OF THE BUDGET IN EARLY APRIL AND POST-PONE THE BONDS BILL. HE MIGHT BE AIDED IN THIS STRATEGY BY A BURGEONING "ELECTION MOOD" AND BY RURAL LDP DIETMEN WHO BELIEVE THEIR CHANCES AT THE POLLS WOULD BE ENHANCED IF AN ELECTION WERE HELD BEFORE THE JUNE RICE-PLANTING

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SEASON. HE MIGHT ALSO FIND ADDITIONAL JUSTIFICATION IN THE EXPECTED ELECTION WINDFALL FROM THE EFFORT NOW UNDERWAY TO DISCREDIT THE JCP THROUGH DSP CHAIRMAN KASUGA'S ATTACK ON CHAIRMAN MIYAMOTO. PRESUMABLY, THE CLEAN GOVERNMENT PARTY, ALONG WITH THE DSP, WOULD ALSO FAVOR THIS TIMING.

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INFO AMEMBASSY SEOUL

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CINCPAC HONOLULU HAWAII

C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 1719

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6. SCENARIO B -- MAY DISSOLUTION, JUNE ELECTION. THE LOWER HOUSE WOULD BE DISSOLVED AFTER DIET PASSAGE OF THE BONDS BILL IN MAY. DELIBERATIONS COULD BEGIN ON THE NPT AND JAPAN-KOREA CONTINENTAL SHELF AGREEMENT. WHILE THE LDP COULD PRESUMABLY SECURE THEIR PASSAGE AT ANY TIME, A DECISION TO DO SO WILL DEPEND TO A LARGE EXTENT ON THE LDP LEADERSHIP'S ASSESSMENT OF THEIR VALUE IN AN ELECTION CAMPAIGN.

7. WHILE THERE ARE SOME IN TOKYO WHO SUGGEST THAT THE BONDS BILL COULD BE DEFERRED TO THE NEXT DIET SESSION, FORMER PRIME MINISTER -- AND LARGEST LDP FACTION LEADER -- TANAKA HAS MADE IT CLEAR THAT PASSAGE OF THE BONDS BILL IS A MINIMUM PREREQUISITE TO LOWER HOUSE DISSOLUTION. FINMIN OHIRA HAS MUCH AT STAKE PERSONALLY IN THE PASSAGE OF BOTH THE BUDGET AND THE BONDS BILL. IT WOULD, FOR EXAMPLE, GIVE HIM GREATER ROOM FOR POST-ELECTION POLITICAL MANEUVER SINCE HIS MAIN RESPONSIBILITIES WOULD HAVE BEEN

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DISCHARGED. THE PASSAGE OF THE BONDS BILL WOULD, THEREFORE, REMOVE A MAJOR OBSTACLE TO TANAKA AND OHIRA ASSENTING TO A MAY DISSOLUTION. THEY MIGHT, IN TURN, BE ABLE TO

PERSUADE SHIINA AND OTHER LDP HOLDOUTS OF THE INEVITABILITY OF SUCH A COURSE IN THE FACE OF MOUNTING PRESSURE FOR AN EARLY ELECTION.

8. SCENARIO C -- DISSOLUTION AND ELECTION IN THE FALL. LDP VICE PRESIDENT SHIINA HAS REPEATEDLY STATED HIS STRONG PREFERENCE FOR A FALL ELECTION AND HAS WORKED DILIGENTLY TO ASSURE THIS OUTCOME. HE ARGUES THAT MORE TIME IS NEEDED FOR ECONOMIC RECOVERY AND FOR THE LDP TO MOUNT A "PARTY MANAGED" CAMPAIGN, I.E., ONE IN WHICH THE LDP TREASURY PROVIDED MORE FINANCIAL SUPPORT THAN FACTION LEADERS TO LDP CANDIDATES. IT WOULD ALSO PROVIDE SHIINA THAT MUCH MORE TIME FOR A MIKI MISHAP WHICH MIGHT BRING HIM TO POWER. SHIINA HAS ALREADY GAINED THE OSTENSIBLE SUPPORT OF MINOR FACTION LEADER MIZUTA AND PARTY ELDER HORI. HORI HAS TOLD US DIRECTLY, HOWEVER, THAT HE DOES NOT BELIEVE LOWER HOUSE MEMBERS CAN BE PERSUADED TO REMAIN IN TOKYO AFTER BUDGET PASSAGE.

9. VIEWS OF OTHERS. DEPUTY PRIME MINISTER FUKUDA HAS CAREFULLY AVOIDED COMMITTING HIMSELF ON THE QUESTION OF ELECTION TIMING. HE WOULD PRESUMABLY PREFER A LATER ELECTION IN THE HOPE THAT IT WOULD SOMEHOW ENHANCE BOTH HIS FACTION'S CURRENTLY RATHER BLEAK ELECTION PROSPECTS AND HIS OWN CHANCES OF BECOMING PRIME MINISTER THROUGH A MIKI MISSTEP. LDP SECRETARY GENERAL NAKASONE IS ON RECORD AS FAVORING A LATER ELECTION, "AFTER PARTY STRENGTH HAS BEEN CONSOLIDATED," BUT HE IS WIDELY BELIEVED TO FAVOR AN EARLY ELECTION WHICH HE OPENS WILL INCREASE HIS FACTION AND CONSOLIDATE HIS POSITION AS LDP SECRETARY GENERAL. ALL FACTIONS ARE PREPARED FOR AN ELECTION AT ANY TIME AND MONEY DOES NOT SEEM TO BE A PROBLEM.

10. "ELECTION MOOD." THERE IS ALREADY A CONSIDERABLE "ELECTION MOOD" BUILDING, WHICH, IF IT SHOULD REACH A CERTAIN "DECISIVE" LEVEL, COULD BECOME IMPOSSIBLE TO RESIST. IT COULD RESULT IN AN EXODUS OF THE DIET, POSSIBLY JEOPARDIZING EVEN BUDGET PASSAGE. IT IS AT CONFIDENTIAL

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LEAST PARTLY FOR THIS REASON THAT TANAKA HAS BEEN SO ADAMANT ON THE NECESSITY OF PASSING THE BONDS BILL BEFORE LOWER HOUSE DISSOLUTION. AND SHIINA, ALTHOUGH HE GIVES OTHER REASONS, MAY ALSO BE ADDRESSING THIS PROBLEM IN HIS SERIES OF STATEMENTS. EVEN PRIME MINISTER MIKI, WHO BEGAN THE YEAR BY HINTING AT A SPRING ELECTION, APPEARS CONVINCED OF THE NECESSITY OF HOLDING THE LOWER HOUSE TOGETHER UNTIL IT ACTS ON THE BUDGET AT LEAST.

1. OPPOSITION TACTICS. OPPOSITION TACTICS COULD ALSO

AFFECT THE OUTCOME. THE JSP IS ON RECORD AS OPPOSING THE BONDS BILL AND THE CONTINENTAL SHELF TREATY. IT HAS RESERVATIONS ABOUT THE NPT. IT WILL, THEREFORE, BE SEEKING OPPORTUNITIES TO FORCE AN EARLY DISSOLUTION, I.E. APRIL, WHICH WOULD PRECLUDE DIET ACTION ON THEM. IT COULD DO THIS BY DISPATCHING ITS MEMBERS TO THEIR CONSTITUENCIES TO "TAKE THE JSP CASE TO THE PEOPLE," AND HOPEFULLY, PARALYZE DIET DELIBERATIONS BY FORCING LDP DIET MEMBERS TO FOLLOW SUIT. THIS PROCEDURE RUNS THE RISK OF INVITING CRITICISM, HOWEVER, AND IT IS MORE LIKELY THAT IT MIGHT AGREE TO GO ALONG WITH THE BONDS BILL IN THE UPPER HOUSE IN EXCHANGE FOR LDP AGREEMENT ON A DISSOLUTION BEFORE DIET ACTION ON ONE OR BOTH TREATIES AND RAILWAY FARE AND TELECOMMUNICATION RATE INCREASES.

12. CONCLUSIONS. MOST OBSERVERS ARE GIVING 60-70 PERCENT ODDS ON A MAY DISSOLUTION/JUNE ELECTION. AT THIS POINT, WE WOULD BE INCLINED TO AGREE. TANAKA'S ADAMANCE ON THE IMPORTANCE OF THE BONDS BILL WILL PROBABLY SERVE TO KEEP MIKI IN LINE AND HOLD THE ELECTION MOOD IN CHECK UNTIL THE PASSAGE OF THE BILL. IT WILL PROBABLY BE DIFFICULT, HOWEVER, TO CONTAIN THE MOOD BEYOND THE PASSAGE OF THE BONDS BILL. MOST WOULD AGREE THAT CHANCES OF SHIINA ACHIEVING HIS "PARTY-MANAGED" ELECTION GOAL BY THE FALL ARE MINIMAL AND THERE IS LITTLE PROSPECT THAT SUFFICIENT ECONOMIC RECOVERY WILL TAKE PLACE BY THEN MATERIALLY TO ENHANCE LDP ELECTION PROSPECTS. AND, IT WOULD ALMOST CERTAINLY BE BETTER TO HOLD AN ELECTION IN THE SPRING, PERMITTING A POST-ELECTION DIET TO DEAL WITH THE UNPOPULAR, BUT INEVITABLE, RATE INCREASES.

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